

# Bureau of Air Revenue Stabilization

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# Current Fee Overview

- **Construction Permit and Approval Fees**

- Fees based on capital cost of project
- Fees stagnant for 20 years
- Some funding may be used as match

- **Operating Permit and Renewal Fees**

- Class I sources renew every 5 years; Class II's do not renew
- Fees stagnant for 20 years
- Funding not usable as match

- **Emission Fees**

- Currently \$37 per ton with 4,000 ton cap for Class I (since 2010)
- Continual decline in emissions
- Funding issue with match
- Below EPA presumptive and below neighboring states

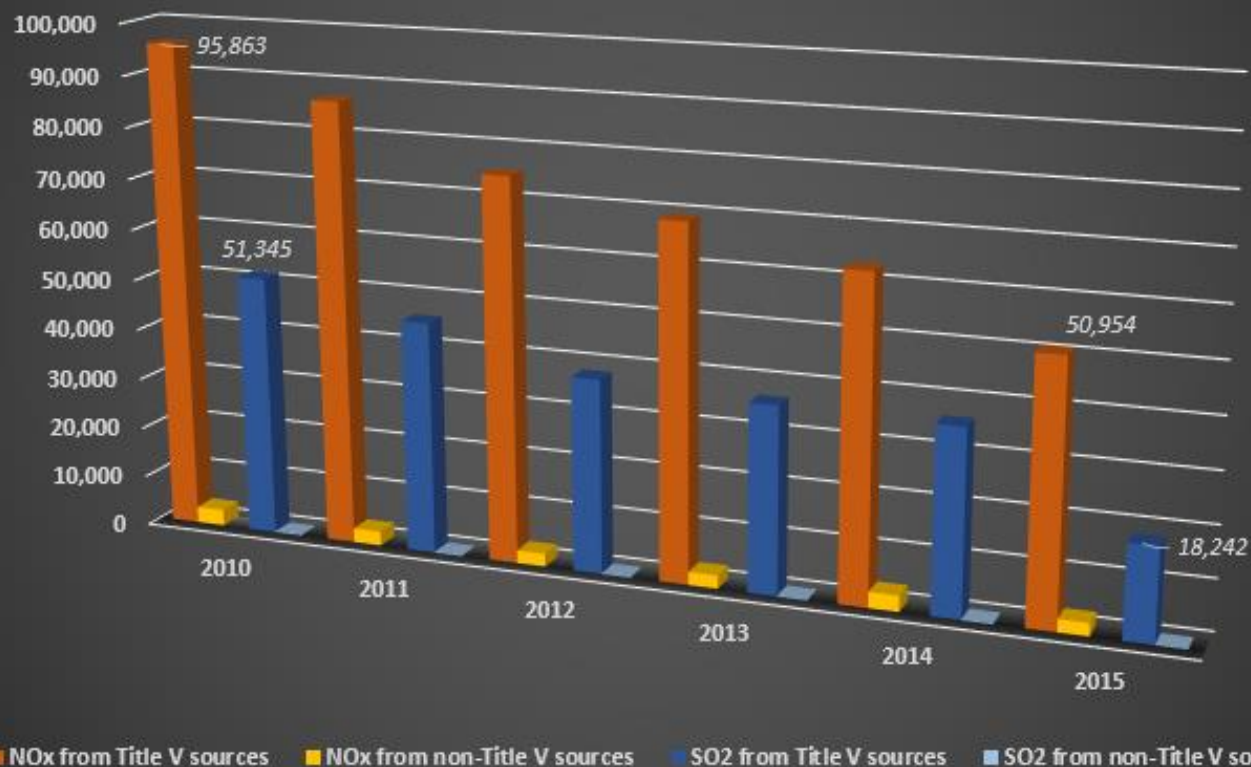
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# Fee Issues

- Cyclic nature of revenue
- Match and Maintenance Of Effort for Federal 105 Grant
- Revenue decline from emission reductions and State General Fund
- Equity of fees relative to work performed
- Sufficient resources to maintain program

## Kansas emissions of NO<sub>x</sub> and SO<sub>2</sub> (in tons) for years 2010-2015, by fee-paying status of sources



	2010	2011	2012	2013	2014	2015
NOx from Title V sources	95,863	86,841	75,113	69,228	62,923	50,954
NOx from non-Title V sources	3,205	2,838	2,542	2,597	3,163	2,558
SO2 from Title V sources	51,345	45,640	38,024	36,568	36,233	18,242
SO2 from non-Title V sources	148	143	127	139	138	121

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# Air Quality Fee Fund Trend

- Assumptions for projection 2017 – 2021
  - \$50,000 per year in fines
  - Vacancies filled
  - No expansion in personnel
  - Minimal growth in operating costs
  - \$300,000 in construction permit fees starting in 2018
  - Maintain \$37/ton emission fee
- Currently have strong balance in fee fund
- Balance drops quickly in future years

# Air Quality Fee Fund Balance from 2012 to 2021 with Emission Fee of \$37/ton



# Path Forward

- **Phase I** – Construction Permit and Approval Applicability and Fees
  - K.A.R. 28-19- 300 & K.A.R. 28-19-304
  - Through External Review
  - Public Notice and 60 day comment period late Summer 2016
  - Final and effective by late Fall 2016
- **Phase II** – Class I Operating Permit and Emission Fees
  - K.A.R. 28-19-516 & K.A.R. 28-19-517 [Revoke K.A.R. 28-19-202]
  - Propose in early 2017
  - Finalize Spring 2017
    - Class I Permit Application & Renewal Fees effective immediately
    - Annual Emission Fees effective calendar year 2018 for 2017 emissions

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# Path Forward

- **Phase III** – Class II Operating Permit and Emission Fees
  - K.A.R. 28-19-545 & K.A.R. 28-19-546
  - Propose in Spring 2017
  - Finalize Fall 2017
    - Class II Permit Application Fees effective immediately
    - Annual Fee effective calendar year 2018 for 2017 emissions

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# K.A.R. 28-19-300

## Applicability Amendments

- **Construction Permits**

- Eliminate Acid Rain “affected source” language
- Clarify major source of HAPs
  - New construction or reconstruction major source of HAPS
  - Modify area source to become major source
- Add 10 tons per year direct PM<sub>2.5</sub> emissions to significant thresholds
- Add request for Federally Enforceable Permit Condition 302(b)

- **Construction Approvals**

- Clarify and define NSPS, MACT, NESHAP construction, reconstruction, modification; not just ANY change.
  - Exempt MACT Subparts: M, 4Z, and 6C
- Correct Operation Restriction under K.A.R. 28-19-302(c)

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# K.A.R. 28-19-304

## Proposed Amendments

- **Construction Fee Amendments**

- Approvals \$750
- Permits \$4,000; \$2,000; \$1,000
  - Based on complexity of source type
- PSD and non-attainment NSR Permits
  - New permit – \$10,000
  - Modification with BACT or emissions changes – \$10,000; Otherwise \$3000
  - Refined modeling – additional \$8,000
  - Application Revision – additional \$5,000 per
  - Modeling Revision – additional \$4,000

- **Fiscal Rational**

- Revenue from \$180,000 to ~\$300,000
- Revenue may be used as match

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# K.A.R. 28-19-516

## Proposed Amendments

- **Class I Operating Permit Fee Amendments**

- Initial and Renewal Fee from \$1,000 to \$3,000;
- Significant Modification Fee from \$500 to \$1,500
- General Permit Fee
  - K.A.R. 28-19-401 from \$750 to \$2,250
  - K.A.R. 28-19-403 from \$250 to \$750
- Eliminate exemption for emission fee payers

- **Fiscal Rational**

- Revenue change - \$17,794 to \$118,000
- Not match eligible
- Revenue variable from year to year
- Fees stagnant for 20 years

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# K.A.R. 28-19-517

## Proposed Amendments

- **Annual Emission Fee Amendments**
  - Incorporate emission fee language for Class I sources
    - Revoke K.A.R. 28-19-202
  - Increase from current \$37 to \$53 per ton
  - Establish a minimum base fee of \$1,000
  - Modify overpayment/refund from \$37 to \$200
  - Effective calendar year 2018 for 2017 emissions
- **Fiscal Rational**
  - \$3.1M collected for 2015 emissions in SFY2016
  - SFY2018 projected revenue increase from \$2.90M to \$4.15M

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# K.A.R. 28-19-545

## Proposed Amendments

- **Class II Operating Permit Fee Amendments**
  - Initial Fee from \$200 to \$500
  - Modification Fee from \$100 to \$250
  - General Petition Fee from \$750 to \$1,500
  - General Application Fee from \$50 to \$100
  - General Permit-by-rule Fee from \$50 to \$100
- **Fiscal Rational**
  - Partially match eligible
  - Revenue variable from year to year
  - Fees stagnant for 20 years

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# K.A.R. 28-19-546

## Proposed Amendments

- **Fee Amendments**

- Establish \$500 Annual Fee for Class II sources operating and emitting emissions in Kansas
- Change Inventory due date to March 1

- **Fiscal Rational**

- Revenue from \$0 to ~\$200,000
- Class II source numbers relatively stable
- Justified by significant workload
  - Inventory review
  - Compliance assistance
  - Permitting
  - Monitoring network
- May be used for match
- Most states have Class II fees

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# Final thoughts –

- Several of the options address long-standing equity issues
- Revenue for some options will be partially offset by increased collection workload
- Match is more important when 103 grant dollars merge with 105 grant
- Timing to implement different options varies considerably